

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON EDUCATION**

**Call to Order:** By **CHAIRMAN JOAN ANDERSEN**, on February 19, 2003  
at 3:00 P.M., in Room 137 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Joan Andersen, Chairman (R)  
Rep. Kathleen Galvin-Halcro, Vice Chairman (D)  
Rep. Larry Lehman, Vice Chairman (R)  
Rep. Norman Ballantyne (D)  
Rep. Gary Branae (D)  
Rep. Nancy Fritz (D)  
Rep. Carol Gibson (D)  
Rep. Verdell Jackson (R)  
Rep. Bob Lake (R)  
Rep. Bob Lawson (R)  
Rep. Clarice Schrumpf (R)  
Rep. Pat Wagman (R)

**Members Excused:** Rep. Norma Bixby (D)  
Rep. Joe McKenney (R)

**Members Absent:** None.

**Staff Present:** Eddy McClure, Legislative Branch  
Mari Prewett, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp in these minutes appears at the end of the content it refers to.

**Committee Business Summary:**

Hearing & Date Posted:  
Executive Action: HB 572; HB 573; HB 302  
SB 96 (Action Postponed)

**EXECUTIVE ACTION ON HB 572**

**Motion:** REP. GALVIN-HALCRO moved that HB 572 DO PASS.

**Motion:** REP. GALVIN-HALCRO moved that HB 572 BE AMENDED.

**EXHIBIT** (edh37a01)

**Discussion:**

REP. GALVIN-HALCRO explained the amendment to the Committee, Exhibit 1 attached.

REP. LEHMAN stated that it was a good amendment.

**Vote:** Motion carried 14-0 by voice vote with REPS. BIXBY and MCKENNEY voting aye by proxy.

**Motion/Vote:** REP. GALVIN-HALCRO moved that HB 572 DO PASS AS AMENDED. Motion carried 14-0 by voice vote with REPS. BIXBY and MCKENNEY voting aye by proxy.

*{Tape: 1; Side: A; Approx. Time Counter: 0 - 8}*

REP. MCKENNEY arrived at the hearing.

**EXECUTIVE ACTION ON HB 573**

**Motion:** REP. GALVIN-HALCRO moved that HB 573 DO PASS AS AMENDED. (This bill was amended on 2/17/03)

**Motion:** REP. GALVIN-HALCRO moved that HB 573 BE FURTHER AMENDED.

**EXHIBIT** (edh37a02)

**Discussion:**

Eddye McClure, Legislative Services, explained the amendments to the Committee, Exhibit 2 attached.

**Vote:** Motion carried 14-0 by voice vote with REP. BIXBY voting aye by proxy.

**Motion/Vote:** REP. GALVIN-HALCRO moved that HB 573 DO PASS AS AMENDED. Motion carried 14-0 by roll call vote with REP. BIXBY voting aye by proxy.

*{Tape: 1; Side: A; Approx. Time Counter: 8 - 13.3}*

**EXECUTIVE ACTION ON SB 96**

**Motion:** REP. GALVIN-HALCRO moved that SB 96 BE CONCURRED IN.

**Motion:** REP. GALVIN-HALCRO moved that SB 96 BE AMENDED.

**EXHIBIT** (edh37a03)

**Discussion:**

**Eddye McClure, Legislative Services**, explained the amendments to the Committee, Exhibit 3 attached.

**REP. BRANAE** asked that REP. GALVIN-HALCRO expand on the Amendments to clarify what she was trying to do.

**REP. GALVIN-HALCRO** stated that they were trying to protect those persons not represented by a collective bargaining unit, who could be impacted if the bill were to pass.

**CHAIRMAN ANDERSEN** commented that there were several people that had contacted her regarding SB 96. She went on to say that many of the people did not work 40 hours per week. **CHAIRMAN ANDERSEN** pointed out that SB 96 would allow school districts to go to a four day week, but in the meantime, they needed to remember the impact on the part-time folks.

**REP. GALVIN-HALCRO** pointed out that the bill could also affect some people's unemployment insurance benefits.

**REP. LEHMAN** asked REP. GALVIN-HALCRO if her amendment would dictate that the school district would have to pay the employees not represented by a collective bargaining unit, for whatever amount of time they were currently working, even if the Board of Trustees were to cut back on the school week by one day. **REP. GALVIN-HALCRO** responded that the school districts needed to maintain the salary and benefits for those employees that could be affected by the change.

**REP. LEHMAN** commented that he felt the amendment was cutting into local control. He went on to say, that if the purpose of the bill was to save the school districts money, the school districts should have the option of not having to paying personnel for time they were not working.

**REP. JACKSON** stated he felt that there were problems with the bill and they made him feel uncomfortable.

**REP. GALVIN-HALCRO** stated that she wanted the Committee to understand that the amendment would protect those people who were not represented by a collective bargaining agreement. She continued that those represented by a collective bargaining agreement would be protected by that collective bargaining agreement.

**REP. LEHMAN** remarked that he felt the amendment would erode local control.

**REP. WAGMAN** stated that he was against the amendment. He explained that he felt it took away from local control.

**Motion:** **REP. GALVIN-HALCRO** moved TO SEGREGATE Amendment 1 FROM Amendment 2 ON EXHIBIT 3 AND TO VOTE ON Amendment 2 OF EXHIBIT 3.

Without objection Amendment 1 was segregated from Amendment 2 on Exhibit 3 and the vote was called.

**Vote:** Motion carried 14-0 by roll call vote with **REP. BIXBY** voting aye by proxy.

**Motion:** **REP. GALVIN-HALCRO** moved that **SB 96 BE AMENDED.**

**Motion:** **REP. GALVIN-HALCRO** moved that **AMENDMENT 1 OF EXHIBIT 3 BE DISCUSSED AND VOTED ON.**

*{Tape: 1; Side: A; Approx. Time Counter: 13.3 - 28.9}*

**Discussion:**

**REP. FRITZ** asked Ms. McClure if there were any way the bill could be changed to draw the problem to the district's attention, that it was not intended to cut people out. She further asked if an amendment could be discussed or proposed when the bill reached the House floor. **Ms. McClure** explained further what the amendment would do.

**CHAIRMAN ANDERSEN** explained to the Committee that any time a bill passed out of committee there could be an attempt made to amend the bill on the House floor.

**REP. GIBSON** stated that she too was concerned for those folks that were not covered by a bargaining agreement.

**REP. LAWSON** stated that since it was a Senate bill being discussed and there appeared to be other potential amendments to the bill, if it would be appropriate to withhold action on SB 96

until another time. **CHAIRMAN ANDERSEN** stated that with no objection from the Committee they would continue executive action on SB 96 another day. However, the amendment that was passed to SB 96 would stay on the bill.

**REP. GALVIN-HALCRO** withdrew her **BE CONCURRED IN Motion on SB 96.**

*{Tape: 1; Side: B; Approx. Time Counter: 0 - 4.9}*

#### **EXECUTIVE ACTION ON HB 302**

**Eddye McClure, Legislative Services**, explained the process which would be used to go through the various amendments being presented for consideration. She went on to explain the grey bill and the amendments that had been handed out to each Committee member.

**REP. LAWSON** stated that the grey bill, attached as Exhibit 4, included the amendments that the Subcommittee had worked on and also included the amendments of **REP. LEWIS**, attached as Exhibit 5.

**EXHIBIT** (edh37a04)

**Motion:** **REP. LAWSON** moved that **HB 302 DO PASS.**

**Motion:** **REP. LAWSON** moved that **HB 302 BE AMENDED.**

**EXHIBIT** (edh37a05)

#### **Discussion:**

**REP. LAWSON** deferred to Tom Bilodeau, MEA/MFT to explain the amendments to the Bill.

**Mr. Bilodeau** walked the Committee through the grey bill explaining each of **REP. LEWIS'** amendments and how they affected the bill.

**REP. JACKSON** asked **Mr. Bilodeau** if the amendments had accommodated the school districts, such as Missoula and Great Falls. **Mr. Bilodeau** responded that school districts that had composite rate insurance plans did include Missoula and Great Falls. He went on to say that there were a number of smaller districts, as well, that presently had composite rate insurance plans.

**REP. FRITZ** asked Mr. Bilodeau if the plan allowed districts to opt out of the Program. **Mr. Bilodeau** replied that she was correct.

**REP. WAGMAN** asked if the changes were due to Missoula and Bozeman wanting to keep their lower rates and their choices. **Mr. Bilodeau** answered that it was a response to a request made by locals across the state. He went on to say that the locals from Missoula and Great Falls were concerned about the potential loss of the ability to continue to bargain and retain their composite rate programs.

**REP. JACKSON** asked Mr. Bilodeau to elaborate on school districts being mandated into the statewide pool, but still having the ability to negotiate. **Mr. Bilodeau** replied that the amendments allow the employees to annually select their participation in the standard or richer health benefits program, in the basic health benefits program, or to participate in a managed care program, if one is offered locally to them. He went on to say that originally that would have been a district wide or bargaining unit wide decision. **Mr. Bilodeau** stated that there had been considerable concern expressed from several local school districts, as they preferred to have the plan allow employee selection of plan participation.

**REP. JACKSON** asked Mr. Bilodeau if long-term care coverage would be part of the mandated plan. **Mr. Bilodeau** answered that it had been anticipated that the statewide program would establish benefits, such as dental, vision, disability and other similar and related benefits. He continued that it did not preclude long-term care.

*{Tape: 1; Side: B; Approx. Time Counter: 4.9 - 28.5}*

**REP. FRITZ** asked Mr. Bilodeau if any district could choose to do a composite rate as it would be advantageous to their lower paid employees and classified people. **Mr. Bilodeau** replied that any district could bargain premium structure, moving from tiered to composite or moving from composite to tiered.

**REP. FRITZ** asked Mr. Bilodeau if districts that could opt in and opt out of the program would be less likely to bargain in a composite rate as it would be less likely to cover all of their employees. **Mr. Bilodeau** responded that they believed that the provisions, of opt out or waiver of coverage, would not result in significant additional persons dropping out of coverage in general.

**REP. LEHMAN** asked if persons could go from the tiered rate to the composite rate on an annual basis. **Mr. Bilodeau** replied that they could.

**REP. BALLANTYNE** asked Mr. Bilodeau about two members of a family, a husband and wife, if one could opt out and have one policy that they would pay for rather than paying for two policies and having only one coverage. **Mr. Bilodeau** replied that he was correct, that it would be allowed on this program.

**REP. FRITZ** asked Mr. Bilodeau if persons could opt in and opt out within a year's period. **Mr. Bilodeau** answered that they could with a year's wait.

**REP. FRITZ** asked Mr. Bilodeau if some could opt back in to the plan if they found out that they were sick. **Mr. Bilodeau** replied that they could opt back in, but in most instances, pre-existing conditions would exclude coverage for a period of time for those conditions.

**REP. FRITZ** referred Mr. Bilodeau to the instance of a husband and wife and one of them opting out of the program with the other being covered. **Mr. Bilodeau** responded that could happen, however, he felt the person still in the program would cover their spouse as a dependent under their policy.

**REP. LAKE** asked Mr. Bilodeau if employees of a school district that did not have a health benefits plan in place already would be restricted from joining the statewide benefits plan. **Mr. Bilodeau** stated that there was nothing in the bill that would mandate that the school districts participate in the statewide benefits plan, however, they would be allowed to participate.

**REP. LAKE** asked Mr. Bilodeau that since the specific language was not included in the bill allowing those districts not presently covered by a healthcare plan to participate, if that language should be added to the bill. **Mr. Bilodeau** stated he did not believe the language needed to be added.

**CHAIRMAN ANDERSEN** asked Mr. Bilodeau at what point of the year the plan would begin. She continued by asking when people could choose to opt back in if they had decided to opt out. **Mr. Bilodeau** stated that the program would begin June 1, 2004 and that each succeeding June 1 would be the date for making that choice. He continued that all employees at the end of the school year would make known their selection for participation in the plan and then the schools would notify the Board.

**REP. WAGMAN** asked Mr. Bilodeau if the language "premium payment method" referred to both the tiered and composite plans. **Mr. Bilodeau** stated that he was correct.

**REP. FRITZ** asked Mr. Bilodeau what would happen if a district did not have an insurance program in effect. She continued by asking if that district could be denied entrance into the statewide plan because of a pre-existing serious medical condition of someone in that district. **Mr. Bilodeau** answered that it was his understanding that they would take everyone. He continued, saying that they would join just as any other group without pre-existing condition limitations. **Mr. Bilodeau** explained that the pre-existing condition terms would only apply to those persons that had pre-existing conditions.

**REP. JACKSON** asked Mr. Bilodeau about the makeup of the Committee that would oversee the program. He went on to ask if those provisions had been provided for in the amended bill. **Mr. Bilodeau** stated that they believed that the currently existing insurance committees in large, medium and small districts across the state would have experienced administrators and school personnel in place that were knowledgeable of the management of the local health plans.

**REP. BRANAE** asked Mr. Bilodeau if there could be some regional meetings where professionals could be involved in suggesting how the oversight committee would be made up. **Mr. Bilodeau** responded that it was possible and was anticipated to occur.

**REP. BALLANTYNE** asked Mr. Bilodeau if the State Auditor would have control over the plan. **Mr. Bilodeau** replied that the answer was, "Yes." The State Auditor would conduct a compliance audit of the program every year.

**REP. BALLANTYNE** asked Mr. Bilodeau if a person had a problem with the insurance if they would be able to go to the State Auditor for help, as they would be able to do under a regular insurance program. **Mr. Bilodeau** answered that as with the case of the state health plan or the university health plan the proposed plans would not be subject to review or regulatory authority by the State Auditor.

*{Tape: 2; Side: A; Approx. Time Counter: 0 - 30.4}*

**REP. WAGMAN** asked Mr. Bilodeau if the language in the bill would leave the decision of how to handle excess premiums to the Board. **Mr. Bilodeau** responded that he believed that the language in the bill would allow for the Board to make the decisions.

**REP. WAGMAN** asked Mr. Bilodeau if the language in the bill would prevent a business manager from being a member of the Board. **Mr. Bilodeau** replied that it would not.

**REP. GIBSON** asked if the repayment of outstanding debt to the Montana Unified School Trust (MUST) was still pertinent. **REP. LAWSON** stated that HB 302 had nothing to do with MUST. He went on to say that MUST was a program that some schools were involved in at present. **REP. LAWSON** continued that in all likelihood the MUST deficit would be current, however, if it were not it would have no reflection upon HB 302.

**REP. FRITZ** stated that she disagreed with **REP. LAWSON**. She went on to say that she felt MUST was entwined with HB 302. **REP. FRITZ** pointed out that MUST was an insurance organization which was organized by MEA/MFT and the present bill had been brought forward by MEA/MFT. She reiterated that she felt there was a tight connection between MUST and the statewide pool.

**REP. LAWSON** presented a statement to the Committee which had been prepared by MUST, attached as Exhibit 6. **REP. LAWSON** read the statement to the Committee.

**EXHIBIT (edh37a06)**

**REP. LEHMAN** asked Mr. Bilodeau if funds were drawn from the line of credit up to \$14 or \$15 million level, and for some reason the health insurance program did not work out, who would be responsible for the repayment of the line of credit.

***{Tape: 2; Side: B; Approx. Time Counter: 0 - 27.8}***

**Mr. Bilodeau** responded that under Title 17 of the Montana Code Annotated all Board of Investment liabilities are subject to default actions by the Board for collection. He went on to say that ultimately all participants in the statewide pool would be liable. He continued that all school districts participating in the program would remain liable for all debts incurred.

**REP. LEHMAN** further asked Mr. Bilodeau if each school district would be proportionately liable for any indebtedness. **Mr. Bilodeau** replied that he was correct.

**REP. LEHMAN** asked Mr. Bilodeau if the job as administrator for the program would be up for bid every three years. **Mr. Bilodeau** answered that every three years all third party administrators would have to rebid for their positions.

**REP. BALLANTYNE** asked Mr. Bilodeau if all of the employees that had worked with MUST would automatically move over to the statewide pool program. **Mr. Bilodeau** answered that they would not. They would have to bid for the positions.

**REP. BALLANTYNE** asked Mr. Bilodeau to inform the Committee who would determine what annual compensation the Executive Director and other members of the Board would receive. **Mr. Bilodeau** stated that the Board itself would determine all conditions of employment, salaries and other compensation.

**REP. GALVIN-HALCRO** asked Mr. Bilodeau who would be responsible to repay the \$1.2 million loan. **Mr. Bilodeau** answered that the \$1.2 million loan, as well as any monies drawn from the line of credit for reserves, would be paid by the premiums as the plan went on.

**REP. GALVIN-HALCRO** asked Mr. Bilodeau to explain to the Committee what "proportionately responsible" meant. **Mr. Bilodeau** deferred to Mr. Clinch for answer to the question. **Mr. Clinch** responded that the way the MUST assessment was portioned out was proportionate to the premium that each district paid in the previous benefit year.

**REP. FRITZ** introduced Superintendent Jim Clark, Missoula, and asked if he could comment on the overall health of the program, the opt-in opt-out policy of the program, the changes in the makeup of the board and how it would affect the collective bargaining agreements by referencing what he had seen in Wyoming. **Mr. Clark** responded that there had been a program in Wyoming which was similar to the MUST program, however, it was not a mandated program. He went on to say that the opt-in and opt-out feature created an adverse selection effect on the program. He continued that in Wyoming once a school district opted into a program they had to stay in that program for a number of years thereby eliminating the adverse selection. **Mr. Clark** explained that he would suggest that as a Committee they consider some kind of additional requirement or guidance to make sure that the Board was made up of people that had experience working with insurance issues. **Mr. Clark** remarked that part of the collective bargaining Missoula was looking at was experience, overall cost increases, benefits, charges, who shared in those costs and how they could be adjusted on a regular basis through the process. He pointed out that they needed to consider just what would be handled at the local level rather than the state level.

**Vote:** Motion carried 12-2 with REPS. FRITZ and GALVIN-HALCRO voting no by roll call vote, REP. BIXBY voted aye by proxy.

**Motion:** REP. LAWSON moved that HB 302 BE AMENDED.

**EXHIBIT** (edh37a07)

**Discussion:**

**Eddye McClure, Legislative Services**, explained the amendment to the Committee, attached as Exhibit 7.

**REP. WAGMAN** asked Ms. McClure why they had cited Section 39-31-401(5) in the amendment. **Ms. McClure** deferred to REP. LAWSON, who in turn, deferred to Bob Vogel for the answer. **Mr. Vogel, Montana School Boards Association**, stated that it was the Section that they wanted to cite under Collective Bargaining and Unfair Labor Practices.

**REP. WAGMAN** asked Mr. Vogel why they had not used 30-31-305(2) which he read, "For the purpose of this chapter bargaining collectively is the performance of mutual obligation of the public employer or his designated representative, and the representative of the exclusive representative to meet at reasonable times and negotiate in good faith with respect to wages, hours, fringe benefits and other conditions of employment or negotiation of an agreement, or any question arising thereunder and the execution of a written contract incorporating any agreement reached." He went on say that he felt the section cited in the amendment dealt with unfair labor practices, therefore, someone would have had to file an unfair labor practices suit before 39-31-401(5) would apply. **Ms. McClure** answered that if they were negotiating under Sections 1 through 7 of the bill they could not be held in violation of unfair labor practices.

**Vote:** Motion carried 14-0 by voice vote with REP. BIXBY voting aye by proxy.

**Motion:** REP. LAWSON moved that HB 302 BE AMENDED.

**EXHIBIT** (edh37a08)

**Discussion:**

**Eddye McClure** explained the technical amendment to the Committee, attached as Exhibit 8.

**REP. LAWSON** stated that he would like Mr. Bilodeau to explain the purpose of the amendment to the Committee. **Mr. Bilodeau** explained that core benefits were the health benefits plans

specified by the bill. He went on to say that group benefits included core benefits but also included dental, vision, disability, accidental death, life and other and similar related benefits. He continued that the section being amended was the initial provision of the duties of the Public Schools Benefits Board. **Mr. Bilodeau** pointed out that the original language only made reference to health benefit plans and omitted any reference to other group benefit plans.

**Vote:** Motion carried 14-0 by voice vote with REP. BIXBY voting aye by proxy.

*{Tape: 3; Side: A; Approx. Time Counter: 0 - 23.7}*

**REP. FRITZ** spoke to HB 302 and the rising costs of health insurance premiums in various areas of the state. She expressed her belief that the rising healthcare insurance rates were due to poor management on the part of those school districts and their insurance providers. **REP. FRITZ** pointed out how well school districts such as Missoula, Great Falls, Colstrip and others were doing. **REP. FRITZ** went on to speak against mandated insurance pools for those districts that had maintained their costs.

**REP. FRITZ** referred Mr. Bilodeau to his statement that their benefits would parallel the State plan as closely as possible. She went on to ask if the costs would do the same. **Mr. Bilodeau** stated that the benefit packages would be actuarially equivalent in value to the state health plan as it existed in July 2002. He continued that it did not mean benefits would parallel.

**REP. FRITZ** provided the Committee with a handout, attached as Exhibit 9.

**EXHIBIT (edh37a09)**

**REP. FRITZ** referred Mr. Bilodeau to Exhibit 9 and asked if the numbers on the handout for the statewide plans, the Missoula plan and the Great Falls plan were basically correct. **Mr. Bilodeau** replied that what the handout showed for the Missoula plan was the same as what they had. Great Falls was different; they had Great Falls in a much higher category, and the statewide plans were the same.

**REP. FRITZ** and Mr. Bilodeau discussed the rates and deductibles of the various plans for the school districts in relationship to the statewide plan at great length.

**REP. GALVIN-HALCRO** provided the Committee with a copy of an e-mail she had received from Judy Higgins, Great Falls Public

Schools, in regard to the mandated statewide insurance pool.  
REP. GALVIN-HALCRO read the e-mail to the Committee, attached as Exhibit 10.

**EXHIBIT (edh37a10)**

**Motion:** REP. FRITZ moved that HB 302 BE AMENDED.

**EXHIBIT (edh37a11)**

**Discussion:**

REP. FRITZ explained her amendments to the Committee, attached Exhibit 11.

REP. LAWSON asked REP. FRITZ how many school districts she felt her amendments would affect. REP. FRITZ stated she only knew of two.

REP. LAWSON stated that he would resist the amendment. He went on to say that a voluntary pool, such as the one proposed by HB 302, would be more expensive for the participants if all school districts were not in it. REP. LAWSON continued by saying that when there was an existing situation, such as that covered by HB 302, everyone needed to be involved to make sure the numbers were there to produce the desired effect and reduce insurance rates for the majority of the participants.

REP. FRITZ informed REP. LAWSON that she did not feel he was correct. She went on by referring to MUST and what had happened in Billings when they froze their rates. She again spoke of the successful insurance programs in Missoula and Great Falls. REP. FRITZ stated that it did not make sense that more numbers made a healthier pool, that it was better management that made the better pool. REP. FRITZ supported her argument by reminding everyone that the Committee was in favor of local control. She asked them not to take local control from those school districts with successful insurance programs.

***{Tape: 3; Side: B; Approx. Time Counter: 0 - 24.2}***

REP. LEHMAN stated he thought that this was a situation where everyone should swim together or sink together in order to provide a safer, more secure situation for all concerned.

REP. BALLANTYNE stated that he was concerned that if 700 Great Falls employees and 500 or 600 Missoula employees were taken out of the picture it would change all of the figures in the package,

and make it hard for him to sell the program to his district or other small districts, where they already pay large premiums.

**REP. GALVIN-HALCRO** stated that in Great Falls they had sacrificed. She went on to say that they had given up pay increases so they could have a good insurance program. **REP.**

**GALVIN-HALCRO** pointed out that the plan would prevent her from receiving pay increases and would cause her to have to pay higher insurance premiums.

**REP. LAKE** read a statement from Duane Lyons, Hamilton School District, which supported HB 302. **REP. LAKE** stated that he had mixed emotions on the bill. He went on to say that he was concerned for the districts that had conserved and managed their programs. **REP. LAKE** remarked that if the bill should pass, he hoped the expertise that Missoula and Great Falls had developed would be utilized.

**REP. BRANAE** commented on how well Missoula and Great Falls had done with their insurance programs. He went on to explain what had happened to create the problems that Billings had experienced in regard to their insurance program.

**Vote:** Motion failed 5-9 by roll call vote with **REPS. MCKENNEY, BIXBY, LAKE, FRITZ** and **GALVIN-HALCRO** voting aye with **REP. BIXBY** voting aye by proxy.

**Eddy McClure, Legislative Services**, explained the next set of amendments to the Committee and where they would fit into the grey bill.

**Motion:** **REP. BRANAE** moved that HB 302 BE AMENDED.

**EXHIBIT** (edh37a12)

**REP. BRANAE** stated that he offered the amendment because of some concerns that were offered in his community. He went on to say that the amendment was designed to alleviate some fears that the new pool would have to deal with financially insolvent plans for trusts.

**Vote:** Motion carried 14-0 by voice vote with **REP. BIXBY** voting aye by proxy.

**Motion:** **REP. WAGMAN** moved that HB 302 BE AMENDED.

**EXHIBIT** (edh37a13)

**Discussion:**

**REP. WAGMAN** explained the intent of his amendment to the Committee, attached as Exhibit 13.

**REP. JACKSON** asked **REP. WAGMAN** if he saw his amendment as being an equal distribution or would there be a possibility of rewarding those districts that had done the best job in holding the line on claims. **REP. WAGMAN** answered that he had not thought that far ahead.

**REP. JACKSON** remarked that what was lacking from the statewide plan was an incentive to vigorously manage the claims that would come from individual school districts.

**REP. LAWSON** stated that he was not sure what the amendment would do, therefore, he would have to resist the amendment.

**REP. GIBSON** stated that if they had good people on the governing board, those persons would make wise decisions, and they should not be told what to do before there was even a plan.

**REP. WAGMAN** explained that his amendment would give the governing board the ability in a low claims year, if there was an excess in the reserves, to reimburse some of the premiums. He went on to say that if the Board decided the claims had been too low for that year they might not reimburse any of the funds or they could reimburse a portion of the excess.

**REP. LEHMAN** stated that he would vote against the amendment as it could have serious ramifications.

**REP. SCHRUMPF** asked Mr. Bilodeau what his view of the amendment would be. **Mr. Bilodeau** answered that the proposed amendment would take the bill back to what the initial bill would have contemplated the Board being able to do.

**REP. WAGMAN withdrew his proposed amendment.**

**Motion:** **REP. LAWSON moved that HB 302 DO PASS AS AMENDED.**

**Discussion:**

**REP. BRANAE** stated that he would vote for the bill with a cautious yes, simply because that was what would best reflect the desires of his community. He went on to say that he had been in contact with the school administrators, school board members, and education association members. **REP. BRANAE** stated that there had

been some concern, but it was felt overall that HB 302 could be a good thing for all concerned.

***{Tape: 4; Side: A; Approx. Time Counter: 0 - 27.3}***

**REP. GIBSON** commented that what her constituents wanted was a statewide healthcare plan. She went on to say that she would vote for HB 302 even though she had some unanswered questions and some reservations about the program.

**REP. WAGMAN** stated that he would support HB 302.

**REP. MCKENNEY** informed the Committee that although he had previously been in support of HB 302 he now would not support it.

**REP. LAWSON** declared his support of the bill.

**CHAIRMAN ANDERSEN** stated she would support of HB 302, as teachers around the State had asked for some type of a statewide pool for health insurance.

**REP. SCHRUMPF** stated that the teachers in Billings were pleading for this program, therefore, she would be voting in favor of HB 302.

**Vote:** Motion carried 11-3 with REPS. MCKENNEY, FRITZ and GALVIN-HALCRO voting no by roll call vote, REP. BIXBY voted aye by proxy.

**ADJOURNMENT**

Adjournment: 6:18 P.M.

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REP. JOAN ANDERSEN, Chairman

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MARI PREWETT, Secretary

JA/MP

**EXHIBIT (edh37aad)**